

**F725
Personal Finance
Fall 2016 Course Outline**

**Finance and Business Economics Area
DeGroote School of Business
McMaster University**

COURSE OBJECTIVE

This course is a general introduction to financial planning in the Canadian context. The objective of the course is to study individuals' financial goals and how to achieve those goals. Students will learn how to think logically and systematically about long-term financial planning (for individuals) in the presence of uncertainty. Completion of the course should enable students to properly plan for their financial future. The course will also be of interest to those who want to pursue a career in personal financial planning.

INSTRUCTOR AND CONTACT INFORMATION

Instructor: Narat Charupat
Office: DSB 314
Tel: (905) 525-9140 Ext. 23987
E-mail: narat.finance@gmail.com
Office Hours: Thursday 14:30 – 15:30 (or by appointment)
Class Location: RJC-214
Class Time: Thursday 19:00 – 22:00

Course Website: Please visit Avenue to Learn at <http://avenue.mcmaster.ca>

IMPORTANT NOTICE: When in class, use of a mobile phone, a tablet or a computer is prohibited.

COURSE ELEMENTS

Credit Value:	3	Leadership:	No	IT skills:	No	Global view:	Yes
Avenue:	No	Ethics:	No	Numeracy:	Yes	Written skills:	Yes
Participation:	Yes	Innovation:	Yes	Group work:	Yes	Oral skills:	Yes
Evidence-based	Yes	Experiential	No	Final Exam	Yes	Guest Speaker	No

COURSE DESCRIPTION

The course will cover various topics that are relevant to financial decision makings of individuals. These topics include mathematics and statistics of personal finance; personal financial condition and goals setting; human financial life cycle; personal income tax planning and strategies; personal risk management (life, health, disability, and property insurance); debt and credit management (loans, lines of credit, etc.); renting, buying and financing a home; building an investment portfolio (types of investments and their risks and returns); and retirement planning.

The course intends to provide students with a structured framework to combine their knowledge of the above topics and use it to solve various financial problems. To achieve this goal, class time will not be spent on topics that students can read on their own. Rather, we will spend more time on how to approach and solve problems. Therefore, to get the most out of this course, you should read the topics that we are going to cover in class ahead of time.

LEARNING OUTCOMES

Upon completion of this course, students should:

- have a good understanding of various personal finance topics and financial tools;
- be able to identify individuals' financial goals and the constraints that they face;
- be able to come up with a plan to help individuals achieve their financial goals;
- most importantly, be able to think logically and systematically, and to approach problems in a structured manner.

TEXTBOOK

Strategic Financial Planning over the Lifecycle: A Conceptual Approach to Personal Risk Management by Narat Charupat, Huaxiong Huang and Moshe A. Milevsky

EVALUATION

You will be evaluated based on five components according to the following weights:

Components and Weights

Assignment #1 (see Note 1)	10%
Assignment #2 (see Note 1)	10%
Midterm Exam (see Note 2)	40%
Final Exam	40%
Total	100%

Notes:

- 1) Both assignments can be done individually or with one partner. The first assignment will be given out on October 6 and due back in class on October 20. The second assignment will be given out on November 17 and due back in class on December 1.
- 2) The midterm exam will take place during class time on Thursday October 27. The final exam will be scheduled by the school. Both the mid-term and final exams are of a closed-book format.

Grade Conversion

I do not use a fixed percentage grading scale. That is, there is no fixed schedule that I use to map marks to letter grades. This means that raw marks are not in themselves very meaningful. Rather, your final grade will depend on how well you do relative to other people in your class.

Communication and Feedback

If you have any question related to the topics that we cover in class, please feel free to come to see me during the office hours. You can also e-mail your questions to me and I will attempt to respond to them within 48 hours. In case you have any comments and/or concerns about the course, I hope that you will not hesitate to let me know.

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Administrative Assistant.

Students who are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degroote.mcmaster.ca/contact/anonymous/>

ACADEMIC DISHONESTY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at:

www.mcmaster.ca/academicintegrity

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

MISSED ACADEMIC WORK

Missed Mid-Term Examinations / Tests / Class Participation

Where students miss a regularly scheduled mid-term or class participation for legitimate reasons as determined by the Student Experience – Academic (MBA) office, the weight for that test/participation will be distributed across other evaluative components of the course at the discretion of the instructor. Documentation explaining such an absence must be provided to the MBA Academic Services Office within five (5) working days upon returning to school.

To document absences for health related reasons, please provide the Student Experience – Academic (MBA) office with the Petition for Relief for MBA Missed Term Work and the McMaster University Student Health Certificate which can be found on the DeGroote website at <http://mbastudent.degroote.mcmaster.ca/forms-and-applications/>. Please do not use the online

McMaster Student Absence Form as this is for Undergraduate students only. University policy states that a student may submit a maximum of three (3) medical certificates per year after which the student must meet with the Director of the program.

To document absences for reasons other than health related, please provide the Student Experience – Academic (MBA) office with the Petition for Relief for MBA Missed Term Work and documentation supporting the reason for the absence.

Students unable to write a mid-term at the posted exam time due to the following reasons: religious; work-related (for part-time students only); representing university at an academic or varsity athletic event; conflicts between two overlapping scheduled mid-term exams; or other extenuating circumstances, have the option of applying for special exam arrangements. Such requests must be made to the Student Experience – Academic (MBA) office at least ten (10) working days before the scheduled exam along with acceptable documentation. Instructors cannot themselves allow students to unofficially write make-up exams/tests. Adjudication of the request must be handled by Student Experience – Academic (MBA).

If a mid-term exam is missed without a valid reason, students will receive a grade of zero (0) for that component.

Missed Final Examinations

A student who misses a final examination without good reason will receive a mark of 0 on the examination.

All applications for deferred and special examination arrangements must be made to the Student Experience – Academic (MBA) office. Failure to meet the stated deadlines may result in the denial of these arrangements. Deferred examination privileges, if granted, must be satisfied during the examination period at the end of the following term. There will be one common sitting for all deferred exams.

Failure to write an approved deferred examination at the pre-scheduled time will result in a failure for that examination, except in the case of exceptional circumstances where documentation has been provided and approved. Upon approval, no credit will be given for the course, and the notation N.C. (no credit) will be placed on the student's transcript. Students receiving no credit for a required course must repeat the course. Optional or elective courses for which no credit is given may be repeated or replaced with another course of equal credit value.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

Any student who is unable to write a final examination because of illness is required to submit the [Application for Deferred MBA Final Examination](#) and a statement from a doctor certifying illness on the date of the examination. The Application for Deferred MBA Final Examination and the McMaster University Student Health Certificate can be found on the DeGroote website

at <http://mbastudent.degroote.mcmaster.ca/forms-and-applications/> Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. Students who write examinations while ill will not be given special consideration after the fact.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within five business days of the missed examination.

Special examination arrangements may be made for students unable to write at the posted exam time due to compelling reasons (for example religious, or for part-time students only, work-related reasons):

- Students who have religious obligations which make it impossible to write examinations at the times posted are required to produce a letter from their religious leader stating that they are unable to be present owing to a religious obligation.
- Part-time students who have business commitments which make it impossible to write examinations at the times posted are required to produce a letter on company letterhead from the student's immediate supervisor stating that they are unable to be present owing to a specific job commitment.

In such cases, applications must be made in writing to the Student Experience – Academic (MBA) office at least ten business days before the scheduled examination date and acceptable documentation must be supplied.

If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may write the test/examination at an approved location with an approved invigilator, as determined by Student Experience – Academic (MBA) office.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within ten business days of the end of the examination period.

Note: A fee of \$50 will be charged for a deferred exam written on campus and a fee of \$100 for deferred exams written elsewhere. In cases where the student's standing is in doubt, the Graduate Admissions and Study Committee may require that the student with one or more deferred examination privileges refrain from re-registering until the examination(s) have been cleared.

STUDENT ACCESSIBILITY SERVICES

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS

accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

POTENTIAL MODIFICATIONS TO THE COURSE

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

COURSE SCHEDULE

WEEK	DATE	TOPIC
1	Sept 15	Introduction. Mathematics of Personal Finance
2	Sept 22	Personal Financial Statements
3	Sept 29	Consumption Smoothing and Optimal Savings
4-5	Oct 6, 13	Debts, Loans and Mortgages
6	Oct 20	Midterm Exam
7	Oct 27	Personal Income Tax Planning (Part 1)
8	Nov 4	Personal Income Tax Planning (Part 2)
9	Nov 11	Risk, Utility and Insurance
10	Nov 18	Mortality Risk and Life Insurance
11	Nov 25	Investment and Diversification
12	Dec 2	Housing Decisions
13	Dec 9	Summary and Review

Note: The above schedule is subject to change.